

SECRET

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/64

21 July 1958

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

SECRET

WARNING

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the
Central Intelligence Agency

~~SECRET~~

Summary of Events
4 - 17 July 1958

The delivery of Soviet military and economic aid to the United Arab Republic continued to be a significant aspect of the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World during the period 4 - 17 July 1958. In addition to delivering substantial amounts of aircraft, heavy weapons, and small arms to Egypt and Syria, the USSR has provided increasing economic support to these countries.

The Indonesian Minister of Shipping signed contracts in Warsaw on 26 June for the purchase of 24 ships from Poland. The vessels, scheduled to be delivered between 1959 and 1962, are valued at \$39.1 million and have a combined deadweight tonnage variously reported to be from 62,000 to 65,000 tons.

The Foreign Minister of Indonesia revealed on 10 July that his government and the USSR were negotiating a bilateral agreement on the peaceful uses of atomic energy. He also stated that the US offer to assist Indonesia in setting up an atomic reactor was still under discussion. It is further reported from Indonesia that a mechanical failure which occurred during the test run of the Madu Kismo sugar mill near Jogjakarta -- an installation built under East German technical supervision and equipped with East German machinery -- has caused considerable public criticism. The East German firm which was responsible for constructing and initially operating the mill has expressed readiness to pay indemnities amounting to 6 million rupiah (\$526,000).

Actual construction of the Soviet grant-aid project in Cambodia, a 500-bed hospital in Phnom Penh, has begun. Five additional Soviet technicians arrived on 12 June, and two shipments of Soviet construction materials and equipment for the project were received at about the same time. Equipment to set up seven workshops of various types has also arrived in Cambodia from the USSR as a gift to the children of Cambodia. Three Soviet technicians accompanied the equipment and presumably will supervise the establishment of the shops.

~~SECRET~~

SECRET

Since the beginning of 1954 the Sino-Soviet Bloc has extended nearly \$1.9 billion in credits and grants to 17 underdeveloped countries of the Free World. The Bloc foreign aid program has been concentrated in Egypt, Syria, Afghanistan, India, Indonesia, and Yugoslavia, which have received collectively about 90 percent of all Bloc credits. Also since 1954 the Sino-Soviet Bloc has undertaken survey or construction work on about 150 developmental projects in underdeveloped countries. Nearly 40 percent of these projects have been completed, and, in addition, about 40 percent are in various stages of construction.

SECRET

~~SECRET~~

CONTENTS

	<u>Page</u>
I. General (Review of Sino-Soviet Bloc Economic Assistance to Underdeveloped Countries of the Free World) .	1
II. Southeast Asia	5
A. Cambodia	5
1. Progress on Soviet Hospital Project in Cambodia	5
2. Soviet Gift to Cambodian Youth	6
B. Indonesia	6
1. Contract for Purchase of 24 Ships from Poland	6
2. Nuclear Energy Agreement with the USSR	7
3. Mechanical Breakdown in East German Sugar Mill Project	7
III. Middle East (Implementation of Soviet-UAR Economic Agreements)	8

Tables

1. Sino-Soviet Bloc Credits and Grants to Underdeveloped Countries of the Free World, 1 January 1954 - 30 June 1958	2
2. Sino-Soviet Bloc Economic and Military Credits and Grants to Underdeveloped Countries of the Free World, 1 January 1954 - 30 June 1958	3
3. Estimated Sino-Soviet Bloc Non-Military Technicians in Underdeveloped Countries of the Free World, January - June 1958	4

~~SECRET~~

~~SECRET~~

Map

Following Page

Sino-Soviet Bloc Financial and Technical Aid
to Underdeveloped Countries of the Free
World Through 30 June 1958

1

~~SECRET~~

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010064-0

Next 9 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010064-0